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SAPC	22977
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26 December 1957

CMCC Doc. No. 151X5.905

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Dear Dan:

In accordance with your conversation with Bob on 12 December 1957, your signed copies of Contract A-103 are enclosed. As agreed, we are signing this contract contingent upon the inclusion of the following changes:

SCHEDULE

PART I - Services to be Furnished

a. General

This paragraph should be revised to read: "The Contractor shall, during the period set forth in Part III of the Schedule, furnish and supply to the Government all field engineering, and technical representatives labor necessary for the field support and evaluation of special electronic Systems One, Two, Three, Four, and Three-Channel and Fourteen-Channel Data Reduction Equipment. This field engineering shall be in support of overseas operations. The estimated services shall include, but will not be limited to, the following: "

CUSTOMER NO. 1

In all cases where dates read "1 Jan. - 31 Dec. 1956" they should read "1 July - 31 Dec. 1956".

b. Assignment of Personnel

The second sentence of this paragraph should be revised to read as follows: "The Assignment of technical representatives will be substantiated by the execution of an Agreement of Employment which shall designate the effective date of said assignment. The basic form of the Agreement of Employment shall be mutually agreeable to the Government and the Contractor.

f. Privileges

(2)

As you may know we have from time to time paid per diem ourselves to employees under this contract. In order to recover these costs we

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f. Privileges (Continued)

would like to add the following sentences: "... When approved by the Contracting Officer, Contractor furnished per diem plus applicable G&A shall be reimbursed by the Government. Applicable G&A shall be that G&A used in the man-month rate for that period." The G&A is added to costs for the same reason that it is done under the transportation reimbursement provisions.

PART II - Consideration and Paymenta. Contract Price(2) Man-day Rate

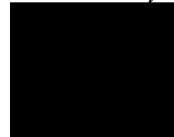
It is not clear to us how the man-day rates shown in the contract were derived. However, it does appear to us to be equitable to reimburse the employee at the same man-day rate he would receive were he actually taking this local leave, as he is being deprived of the leave days at no fault of his own. For this reason we would suggest the use of the following man-day rates, which are derived by dividing the applicable man-month rate by 30.4:

a. Period - 1 July - 31 December 1956

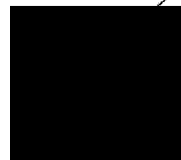
25X1A

Engineer
Technicianb. Period - 1 January - 31 June 1957

25X1A

Engineer
Technician
Field Engineering
Supervisors or MTSc. Period - 1 July - 31 December 1957

25X1A

Engineer
Technician
Field Engineering
Supervisors or MTS**SECRET**

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(3) Transportation

This paragraph should be revised to read as follows: "Reimbursement for the cost plus applicable G&A of approved transportation furnished by the Contractor in accordance with the general provisions of this contract. The applicable G&A shall be the G&A used in computing the man-month rate for the period."

e. Vacation Leave

If a technical service employee is returned to the United States at the end of a twelve-month period of service, no problem arises with respect to vacation leave. But in the event of extensions or renewals, the man should become entitled to vacation leave at the end of twelve-months service and, subject to the operational requirements, we would like to grant such leave at the discretion of our supervisory personnel at any time after completion of twelve-months service. We would also like to make provisions for an employee to take his vacation overseas if he so desires, although he of course forfeits his right to transportation to and from the United States. Accordingly, this paragraph should be modified by inserting at the end of the third sentence: "An employee will not normally be eligible for vacation leave until completion of twelve-months service overseas. Thereafter vacation leave will be granted subject to operational requirements at the discretion of the Team Supervisor or other person designated by the Contractor and with the approval of the ~~Contracting Officer~~ *COMMANDING*." *IX*

At the end of the present paragraph the following sentence should be added: "Vacation leave may be taken overseas rather than in the United States if so requested by the Technical service employee and if mutually agreeable to the Government and the Contractor."

PART VI - Capture and Detention

As mentioned in our letter of 13 September 1957 and your letter of 19 November 1957, certain additional costs aside from those reimbursable under the standard Capture and Detention Clause might possibly be incurred by employees under this contract. We are agreeable to deferring consideration of these costs as you suggest until such time as a situation of this type arises.

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GENERAL PROVISIONS

Clause 21 (a) of General Provisions titled "Services Furnished by the Government" should be revised to read as follows: "Suitable transportation for Contractor personnel and their baggage and for any equipment to be furnished by the Contractor hereunder from the Contractor's plant to the site or sites of work, at any site of work while on official business, between sites of work, and return to the plant of the Contractor. In the event of failure by the Government to furnish suitable transportation at the time of orders, the Contractor shall furnish such transportation, and the Government will reimburse the Contractor for such transportation in accordance with the provisions of Part II of the Schedule."

Clause 25 - Alterations

Under sub-paragraph (b) of Clause 16 "Inspection and Audit" reference to the Contractor auditing subcontractor's books should be amended to say; "Contractor and/or the Government".

25X1A

With your approval we have provided services to Customer 2 under this contract on a different pay basis - namely [REDACTED] per diem. It appears at this time that the man-month rate contained in the contract is adequate to cover our expenditures under this arrangement. If final determination of these costs indicates this not to be the case, we would expect to negotiate an appropriate amendment to the contract to cover such costs.

25X1A As set forth in our November 15th letter, CMCC Document No. 151X5.830, we estimate total expenditure through 1957 under this contract to be [REDACTED] broken down as follows:

	Period	Customer	Amount
25X1A	1 July 1956 through 30 June 1957	1	[REDACTED]
		2	
	1 July 1957 through 31 Dec 1957	1	
		2	

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You will note that under these estimates the major part of the additional funding is required from Customer 1 and not from Customer 2 as suggested in your December 4 letter, #21824.

You expressed a desire to incorporate this additional funding at such time as you amend the contract to provide funding for the next six months of 1958. This is acceptable to us, and we plan to have a proposal for this period in your hands in about two weeks.

We are presently preparing our new man-month rates for the first six months of 1958. Until these are submitted to you, we would like to continue operating under the extension clause of the present contract (Part III b) at the present man-month rates. In addition, we would appreciate receiving from you as soon as possible a Change Order extending the effective date of this contract to 30 June 1958 as specified in the same extension clause.

Sincerely,



25X1A

Dean

Enclosures:

Contract A-103 (2 copies)

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